Q3

Reno De Medici

Interim Report
30.09.2012

NET REVENUES: EURO 348.8 MILLION
(COMPARED TO EURO 394.9 MILLION AT 30 SEPTEMBER 2011)

GROSS OPERATING PROFIT (EBITDA): EURO 19.5 MILLION
(COMPARED TO EURO 24.8 MILLION AT 30 SEPTEMBER 2011)

OPERATING PROFIT (EBIT): LOSS OF EURO 0.3 MILLION
(COMPARED TO EURO 5.1 MILLION AT 30 SEPTEMBER 2011)

PROFIT (LOSS) FOR THE PERIOD: LOSS OF EURO 7.0 MILLION
(COMPARED TO A LOSS OF EURO 1.5 MILLION AT 30 SEPTEMBER 2011)

NET FINANCIAL INDEBTEDNESS: EURO 91.8 MILLION
(COMPARED TO EURO 86.6 MILLION AT 31 DECEMBER 2011)

Reno De Medici S.p.A.
Registered office: Via Durini 16/18, Milan
Share capital: Euro 185,122,487.06 fully paid
Fiscal code and VAT no. 00883670150

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[1] THIS DOCUMENT IS AN ENGLISH TRANSLATION FROM ITALIAN. THE ITALIAN ORIGINAL SHALL PREVAIL IN CASE OF DIFFERENCE IN INTERPRETATION AND/OR FACTUAL ERRORS.

COMPANY BODIES AND INDEPENDENT AUDITORS

Board of Directors

Christian Dubé	Chairman
Giuseppe Garofano	Deputy Chairman
Ignazio Capuano	Managing Director
Giulio Antonello	Director
Robert Hall	Director
Sergio Garribba	Director
Laurent Lemaire	Director
Vincenzo Nicastro	Director
Carlo Peretti	Director

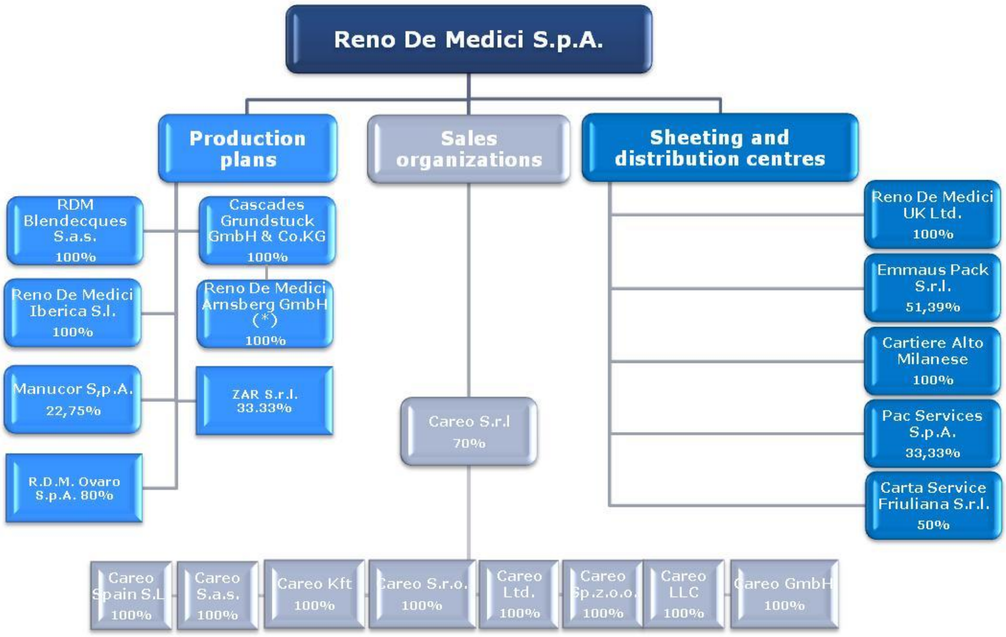
Board of Statutory Auditors

Carlo Tavormina	Chairman
Giovanni Maria Conti	Standing auditor
Laura Guazzoni	Standing auditor
Domenico Maisano	Substitute auditor
Tiziana Masolini	Substitute auditor

Independent Auditors

Deloitte & Touche S.p.A.

OPERATING COMPANY OF THE GROUP AT 30 SEPTEMBER 2012



(*) Subsidiary company held by Reno De Medici S.p.A. at 94% and by Cascades Grundstück GmbH & Co.KG. at 6%.

REPORT OF THE DIRECTORS ON OPERATIONS

The macroeconomic scenario in the third quarter of 2012 is similar to the previous quarters, with continuing contraction in both demand and the global industry.
The European situation continues to be the most fragile, with the prospect of a fall of 0.5% in the euro-zone. The US recovery is still weak, with GDP rising about by 2.1% in 2012. The growth in the emerging countries is slowing down to arrive at little more than 5%.
The macroeconomic indicators appear to be negative for Italy, where GDP is forecast to fall by 2.5% in 2012 and the unemployment rate is expected to exceed 10%. In the absence of growth, the policies adopted by Italian Government, based as they are on a fiscal and budgetary squeeze, have been translated into a further drop in the propensity of households to consume with a decrease of 3.2% over the prior year.
In short, the macroeconomic situation in which the Company operate remains weak, and demand for consumer and semi-durable goods is still contracting.
Demand for packaging, strictly linked to demand for consumer, is consequently also suffering.

European demand in the coated cartonboard packaging sector made of recycled fiber remaines weak in the third quarter of 2012, fully in line with the third quarter of 2011 which was already visibly showing the effects of the global crisis. Performance though is different from one country to the other: Italy, France and UK have fallen while Germany is essentially stable and Turkey is growing.
The accumulated performance at september for the year saw a fall of 2.5% in demand in Europe of coated cartonboard for packaging compared to the same period of the prior year, a drop that was particularly notable in Italy, the UK and the North European countries.
The **overseas** market also fell in all comparisons, due amongst other things to the effect of the returned heightening of political turbulence in certain North African countries, which worsened the climate of uncertainty that is penalising exports to those countries.

The revenues of the Reno De Medici Group reached Euro 349 million in the first nine months of 2012, a decrease over the figure of Euro 395 million for 2011. This contraction is essentially due to reduced sales volumes: 625 thousand tonnes in 2012 compared to 675 thousand tonnes in the corresponding period of 2011. Regarding the industrial production has been necessary carried on with the suspension of production at the Magenta mill and proceed with the three-day stoppage at all the Italian factories due to the interruption of the gas supply, which penalised production in the first quarter of 2012.

As regards trends in production factors, recycled fiber prices, maintained at medium to high levels, was characterised in the third quarter by a certain volatility.

In the third quarter there were increase, although marginal, in the cost of energy, that have not modified the global scenario. The cost of natural gas, the main energy source for RDM Group, remains high, representing the single most negative cost factor effecting the financial results of the quarter and the year The Italian market is especially penalised: in Italy, natural gas price is considerably higher than the current price in other European countries with the resulting intolerable penalisation of national production.

Staff costs fell from Euro 56.2 million euros for the nine months ended 30 September 2011 to 53.9 million in 2012. This decrease is mainly attributable to Italian operations and in particular to the suspension of activities at the Magenta factory, and to a lesser extent also to the reduction in the workforce.

Despite the scenario particularly critic, RDM Group has been able to improve the **spread (**namely the difference between unit sales prices and the unit cost of fibrous raw materials), but this benefit has been essentially absorbed by the increase in the cost of natural gas by approximately to Euro 6.5 million in Italy compared the same period of the previous 2011. The economic results are still influenced by the fixed cost of Marzabotto and Magenta mills, which activities are respectively closed and suspended.

As of September 2012 EBITDA is fell, by reaching Euro 19.5 million in 2012 compared to Euro 24.8 million in the first nine months of 2011.

It is important to highlight concerning the data above shown: without the increase in the cost of natural gas in Italy, in 2012 the EBITDA would have been higher than 2011 by approximately to Euro 26 million. It is therefore clear that a gas price in line with other European mills of the Group, would restore a level of profitability more representative of economic activities of Company.

Consolidated net financial debt amounted to Euro 91.8 million at 30 September 2012 compared with Euro 86.6 million at 31 December 2011, slightly higher than the figure of Euro 84.5 million at 30 June. The increase is due to changes in working capital.

Consolidated results

The following table sets out the highlights of the profit and loss accounts for 30 September 2012 and 2011.

(thousands of Euros)	30.09.2012	30.09.2011
Revenues from sales	**348,785**	**394,850**
EBITDA (1)	**19,451**	**24,758**
EBIT (2)	**(272)**	**5,071**
Results of operating activities before taxes (3)	**(7,003)**	**(431)**
Current and deferred taxes	*40*	*(1,030)*
Profit (loss) for the period	**(6,963)**	**(1,461)**

1) Cfr. Consolidated financial statement of RDM Group, "Gross Operating Profit"

2) Cfr. Consolidated financial statement of RDM Group, "Operating Profit"

3) Cfr. Consolidated financial statement of RDM Group, "Profit (loss) for the period" – "Taxation"

The following table provides a geographical analysis of sales revenues of cartonboard:

(thousands of Euros)	30.09.2012	Inc. %	30.09.2011	Inc. %
Italy	119,535	34.3 %	132,964	33.7 %
UE	171,253	49.1 %	191,217	48.4 %
Extra EU	57,997	16.6 %	70,669	17.9 %
Revenues from sales	**348,785**	**100 %**	**394,850**	**100 %**

The RDM Group in the third quarter 2012 achieved net revenues of Euro 111.3 million, compared to Euro 116.3 million in the corresponding period of the previous year.

Consolidated EBITDA at September 30, 2012 amounted to Euro 19.5 million compared to Euro 24.8 million in the corresponding period in 2011.

Consolidated Operating Profit (EBIT) at September 30, 2012 is negative for Euro 0.3 million, compared to Euro 5.1 million in the corresponding period in 2011.

Net financial expenses for the quarter ended 30 September 2012 amounted to Euro 5 million, essentially in line with the same period of the previous.

A loss of Euro 1,722 thousand was incurred on investments, mainly as the result of the adjustment to equity of Euro 1,471 thousand made to the carrying amount of **Manucor S.p.A.** due to the negative performance of its operations following increases in the cost of raw materials and energy (methane price in Italy is higher compared the price in European competitors); as the company's losses exceed one third of its capital the board of directors has called an extraordinary general shareholders' meeting pursuant to article 2446 of the Italian civil code.
The adjustment of the carrying amount of Careo S.r.l. to equity led to a loss of Euro 234 thousand; in this case too, as the company's losses exceed one third of its capital the board of directors has called an extraordinary general shareholders' meeting pursuant to article 2446 of the Italian civil code.

There was a pre-tax current loss of Euro 7.0 million compared to a loss of Euro 0.4 million in the previous period. This result is due to a considerable extent to the fixed costs incurred at the Marzabotto and Magenta mills, which activities are respectively closed and suspended and the write down of the investments in Manucor S.p.A. and Careo S.r.l..

The Group as at September 30, 2012 made capital expenditures of Euro 13.7 million (Euro 18.9 million at 30 September 2011).

Major operation

As of July 1st 2012 has have effective the transfer finalised on 22 June 2012, regarding **the Reno De Medici S.p.A. plant in Ovaro (Udine)** and concerning the transfer for consideration (transfer price: Euro 10 million) from Reno De Medici S.p.A. to RDM Ovaro of the company branch consisting of the Ovaro plant. The operation is subject to a cancellation clause, as already described in the half-year financial report as of 30 June 2012.

Furthermore, on August 2nd, 2012, the Board of Directors of Reno De Medici S.p.A., with the favourable opinion of the Related-Party Committee and confirming its strong interest in the acquisition of such assets, resolved not to exercise the Call Option relevant to the acquisition of two Cascades' (hereinafter "Cascades") mills. For more information see the press release issued by Reno de Medici S.p.a on August 2nd, 2012, and avaiable on Company's web site in the section "press release".

Outlook for operations

The fourth quarter 2012 is expected to show improvement over the same period of the prior year in both production and earnings, despite an overall context that remains negative. Operating rates are expected to remain at higher levels, as the fourth quarter of 2011 paid for the effects of the temporary stoppages that were carried out at certain factories to maintan manufacturing efficiency.
No significant variations are expected for the main production factors: the prices of recovered fiber are volatile and increases cannot be ruled out; energy prices should decline from the high levels of 2012.

It is still hard, though, to make forecasts for the longer term, given the uncertain evolution of the current global crisis.
In 2013, we can expect an improvement in some of negative trends that has been characterizing the macroeconomic situation since the end of 2008, excluding a short pause in the second half of 2010 and the first few months of 2011.

In particular, a different and more efficient natural gas market would have in 2013 a positive economic effect, non marginal, for the Group.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

Consolidated Income Statement	30.09.2012	30.09.2011
(thousands of Euros)		
Revenues from sales	348,785	394,850
Other revenues and income	9,508	10,602
Changes in stocks of finished goods	2,930	2,402
Cost of raw materials and services	(284,347)	(323,738)
Staff costs	(53,856)	(56,174)
Other operating costs	(3,569)	(3,184)
Gross Operating Profit	**19,451**	**24,758**
Depreciation and amortisation	(19,723)	(19,687)
Operating Profit	**(272)**	**5,071**
Financial expenses	(5,384)	(5,607)
Exchange rate differences	282	231
Financial Income	93	96
Financial income (expenses), net	(5,009)	(5,280)
Income (loss) from investments	(1,722)	(222)
Taxation	40	(1,030)
Profit (loss) for the period	**(6,963)**	**(1,461)**
Attributable to:		
Profit (loss) for the period pertaining to the Group	(7,147)	(1,724)
Profit (loss) for the period pertaining to minority interests	184	263

Consolidated Statement of financial position - ASSETS	30.09.2012	31.12.2011
(thousand of Euros)		
Non-current assets		
Tangible fixed assets	234,163	239,831
Goodwill	63	63
Other intangible assets	6,121	6,066
Investments	4,119	5,810
Deferred tax assets	1,280	399
Financial assets held for sale	191	195
Trade receivables	41	82
Other receivables	287	328
Total non-current assets	**246,265**	**252,774**
Current assets		
Stocks	77,967	77,982
Trade receivables	93,125	93,836
Other receivables	8,654	6,584
Cash and cash equivalent	2,266	2,564
Total current assets	**182,012**	**180,966**
Non-current assets held for sale		**1,290**
TOTAL ASSETS	**428,277**	**435,030**

Consolidated Statement of financial position - LIABILITIES	30.09.2012	31.12.2011
(thousands of Euros)		
Shareholders' Equity		
Shareholders' equity attributable to the Group	145,277	152,575
Minority interests	614	713
Total shareholders' equity	**145,891**	**153,288**
Non-current liabilities		
Bank loans and other financial liabilities	41,042	45,934
Derivative financial instruments	969	1,022
Other payables	3,977	1,543
Deferred tax liabilities	16,347	18,399
Employee benefits	23,885	24,363
Non-current provisions for contingencies and charges	6,094	6,716
Total non-current liabilities	**92,314**	**97,977**
Current liabilities		
Bank loans and other financial liabilities	55,933	42,764
Derivative financial instruments	763	601
Trade payables	117,109	123,879
Other payables	14,853	15,899
Current taxation	1,032	358
Employee benefits	382	264
Total current liabilities	**190,072**	**183,765**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**428,277**	**435,030**

Net financial position	30.09.2012	30.06.2012	31.12.2011
(thousands of Euros)			
Cash and cash equivalents and short-term financial receivables	6,862	11,867	3,756
Short-term financial payables	(55,933)	(53,825)	(42,764)
Valuation of current portion of derivatives	(763)	(686)	(601)
Short-term financial position, net	**(49,834)**	**(42,644)**	**(39,609)**
Long-term financial payables	(41,042)	(41,022)	(45,934)
Valuation of current portion of derivatives	(969)	(874)	(1,022)
Financial position, net	**(91,845)**	**(84,540)**	**(86,565)**

NOTES

The interim report of the RDM Group at 30 September 2012 has been prepared on the basis of article 82, first paragraph, of the Regulations for Issuers adopted by Consob in resolution no. 11971 of 14 May 1999 and subsequent amendments and supplements.
As a consequence the requirements of article 154-ter of the Consolidated Finance Act (TUF) are satisfied.

This interim report has not been audited by the Independent Auditors.

ACCOUNTING PRINCIPLES

The Group's financial position, results and cash flows have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure stated in article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002.
The recognition and measurement policies used in the preparation of the consolidated financial statements for the quarter ended 30 September 2012 are unchanged with respect to those used in the preparation of the consolidated financial statements for the year ended 31 December 2011, to which reference should be made for details.

RDM has used the same accounting policies in the preparation of this interim report as those used in the preparation of the interim report for the period ended 31 December 2011.

In the current area of consolidation, there is a company which prepares its accounts in a currency other than the Euro (Reno de Medici UK Ltd., accounts in GBP).
In order to translate the quarterly results for the company, Reno de Medici Uk Ltd., into a foreign currency, the Euro was identified as the functional currency, the same as the Group Parent Company, in consideration of the fact that the company carries out business operations which are heavily integrated with those of the Parent Company (IAS 21).
As at 30 September 2012, all the assets and liabilities were converted using the exchange rate applicable on the date of reference for the company's statement of financial situation (0.7981 GBP/EUR). Income and expenditures were converted using the average exchange rate for the reference period (0.8120 GBP/EUR).

The differences due to exchange rate conversion resulting from the application of this method were classified as an item of shareholders' equity up to the transfer of the investment.

The preparation of interim report in accordance with International Financial Reporting Standards requires the use of estimates and assumptions which affect the carrying values of the assets and liabilities in the consolidated balance sheet and the disclosures relating to contingent assets and liabilities at the balance sheet date. The actual results could differ from these estimates. Estimates are used in measuring the result contributed by discontinued operations, in making provisions for the collection risk for receivables and inventory obsolescence, in the calculation of depreciation, amortisation, impairment, employee benefits, restructuring provisions, taxation and other accruals and provisions and in the measurement of derivative instruments. Estimates and assumptions are reviewed periodically and the effects of any changes are recognised immediately in the profit and loss account, excluding the derivative instruments.

The Group’s financial situation, results and cash flows are presented in thousands of Euro.

WORKFORCE

The RDM Group had 1,443 employees at 30 September 2012 compared to 1,502 employees at 31 December 2011.

Statement of the Manager in charge of the preparation of the company's accounting records in accordance with the provisions of article 154-bis, paragraph 2, of Italian Legislative Decree no. 58/1998 (the Consolidated Finance Act - TUF)

The manager in charge of the preparation of the company's accounting records, Stefano Moccagatta, declares, in accordance with the provisions of the second paragraph of article 154-bis of Italian Legislative Decree no. 58/1998 (the Consolidated Finance Act - TUF), that the accounting information in this Interim Report of Reno De Medici S.p.A. at 30 September 2012 corresponds to the underlying documents, books and accounting entries.

Milan, November 2, 2012

Signed
Stefano Moccagatta